

Errin Arnold
Discovery Toys
Group Manager

July 5, 2006

Dear Sir or Madam:

I am writing this letter because I am concerned about the proposed Business Opportunity Rule R511993. I believe that in its present form, it could prevent me from continuing as a Discovery Toys Group Manager. I understand that part of the FTC's responsibilities is to protect the public from "unfair and deceptive acts or practices," yet some of the sections in the proposed rule will make it very difficult, if not impossible, for me to sell Discovery Toys educational toys and products.

I have been a Discovery Toys Group Manager for more 2 months. Originally, I became a consultant in my company because I felt the products were exceptional and I wanted to earn some additional income. Now, I am enjoying meeting new people and sharing these wonderful toys with great kids. It is a shame that I have worked so hard to get to Group Manager only to find out that I might not be able to continue with this wonderful company.

One of the most confusing and burdensome sections of the proposed rule is the seven-day waiting period to enroll new consultants. Discovery Toy's sales kit only costs \$99 plus tax and shipping. People buy TVs, cars, and other items that cost much more and they do not have to wait seven days. This waiting period gives the impression that there might be something wrong with the company or the compensation plan. I also think this seven-day waiting period is unnecessary, because Discovery Toys already has a 90% buyback policy for all products including sales kits purchased by a salesperson within the last twelve months. They also have a 3 day period where new consultants can get their money back. Under this waiting period requirement, I will need to keep very detailed records when I first speak to someone about Discovery Toys and will then need to send in many reports to my company headquarters.

The proposed rule also calls for the release of **any** information regarding lawsuits involving misrepresentation, or unfair or deceptive practices. It does not matter if the company was found innocent. Today, anyone or any company can be sued for almost anything. It does not make sense to me that I would have to disclose these lawsuits unless Discovery Toys is found guilty. Otherwise, Discovery Toys and I are put at an unfair advantage even though Discovery Toys has done **nothing** wrong.

Finally, the proposed rule requires the disclosure of a minimum of 10 prior purchasers nearest to the prospective purchaser. I am glad to provide references, but in this day of identity theft, I am very uncomfortable giving out the personal information of individuals (without their approval) to strangers. Also, giving away this information could damage the business relationship of the references who may be involved in other companies or businesses including those of competitors. In order to get the list of the 10 prior purchasers, I

will need to send the address of the prospective purchaser to Discovery Toys headquarters and then wait for the list. I also think the following sentence required by the proposed rule will prevent many people from wanting to sign up as a salesperson - "If you buy a business opportunity from the seller, your contact information can be disclosed in the future to other buyers." People are very concerned about their privacy and identity theft. They will be reluctant to share their personal information with individuals they may have never met.

I appreciate the work that the FTC does to protect consumers, yet I believe this proposed new rule has many unintended consequences and there are less burdensome alternatives available to achieving your goals. You are also taking the dreams of some women that want to find great companies to represent to give their family that extra income that allows them to stay at home and raise their children. Kids need their parents and it's a shame that you will force these wonderful women to go into the working world and leave their children to be cared for by others.

Thank you for your time in considering my comments.

Respectfully,

Errin Arnold